

# CHOICES

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## Washington Scene

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As 2005 comes to a close there is a major rush to complete several items of unfinished business in Washington, all while keeping an eye on activities ongoing in Hong Kong at the WTO Doha Round meetings. At this time, December 23rd appears to be the target for completing Congressional work for the year in Washington. Work on legislation continues to proceed in areas of interest to our profession, including budget reconciliation, appropriations, immigration reform, and tax cuts. Listed below are a few of the key issues being discussed in Washington D.C.

### Doha Round

The next meeting of the World Trade Organization (WTO) scheduled for December 13th-18<sup>th</sup> is currently underway in Hong Kong. There has been no shortage of opinions in the press and among the academic community regarding the prospects for progress in Hong Kong. While many U.S. observers have lowered expectations for the meeting in Hong Kong, there is significant pressure on all parties to reach a new agreement prior to Trade Promotion Authority (TPA) expiring for President Bush in July 2007. TPA, formerly known as "fast track," allows future international trade agreements to be subject to an up-or-down vote, but not amendment, in Congress. After the very close vote for passage of the CAFTA agreement, there is considerable doubt that the Congress could pass a Doha Round agreement if it became subject to amendments. U.S. Trade Representative Rob Portman has indicated that to meet the TPA expiration deadline, a new trade agreement would need to be finalized by mid-2006.

There may be some who are secretly hoping for no agreement in this round of trade talks. Most political and trade observers think that a new agreement is a necessity for the United States as the U.S. is likely to face and lose more challenges against other commodities without a new peace clause provision that is likely to be included in a new agreement.

### FY2006 Budget Reconciliation

There is hope that House and Senate conferees can reconcile the differences between their two bills before the Christmas break. Over the FY 2006-2010 period, the House version would cut nearly \$50 billion, while the Senate version cuts \$35 billion. Some of the more controversial agricultural and nonagricultural differences in the two reconciliation bills include: differences in Medicare and Medicaid cuts, provisions for drilling in the Arctic National Wildlife Reserve (ANWR), and extension of the milk income loss contract (MILC) payments for dairy farmers.

### Farm Bill

U.S. Secretary of Agriculture Johanns recently finished a series of farm bill listening sessions across the United States. He expects to have a summary of what he heard at the listening sessions out by the end of the year or early 2006. Policy observers indicate that Congressional work will begin on the 2007 Farm Bill in 2006, but not much should be decided until early 2007. While they don't appear to have widespread support, there is a group of 21 Democratic members of the House of Representatives who have introduced a bill to extend the 2002 farm bill by one year (through 2008). The purpose of the bill would be to provide farmers and ranchers some policy certainty while they wait to see what happens in the Doha Round negotiations.

### Beef Trade with Japan

On December 11<sup>th</sup>, Japan announced that it would resume imports of U.S. and Canadian beef under 21 months of age. The Japan market, which has been closed to U.S. beef for nearly two years, was previously the largest export market for U.S. beef. While U.S. beef should arrive in Japan within weeks of the announcement, there have been Japanese consumer surveys that indicate some reluctance to U.S. beef. With the opening of Japan, 67 coun-

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tries have now established trade for U.S. beef and beef products.

## Energy

In early December, Secretary of Agriculture Johanns announced a com-

prehensive strategy to help farmers and ranchers cope with high energy costs and develop long-term solutions. He also announced the formation of the USDA Energy Council, which will be chaired by Under Sec-

retary for Rural Development Tom Dorr. USDA is also interested in creating risk management tools that help producers manage energy-based input risk.